Questions to ask about structures

Why do managers have a tendency to hand you (the OD consultant) a structure (organization) chart and say "I want my organization to have this structure instead of the current one, make it happen and quickly."

Mostly it's because managers don't know that different structures have different capabilities, and different pro and cons. For example, a network structure is good for a volatile environment, while a functional structure is good for a stable environment.

Additionally when they think about structure they are generally thinking about 'their' organization and not the interrelationships their departments have with other parts of the organization and with external entities. The choices and consequences of organization structure change must recognize that one department is not isolated but part of a wider system.

I've found that managers can be encouraged to pause between stimulus (need to change the structure) and response (it must look like this) if you ask them a series of questions related to the following points:

1. **The structure must demonstratively deliver the strategic goals of the organisation**
   – How does the structure enable the required combination of products, services and customer relationships to be delivered?
   – How does the structure minimise costs?
   – How does the structure enable the organisation to create added value (e.g. combinations) ?
2. **Dept accountabilities must be clear**
   – Each element has clearly articulated responsibilities, accountabilities and performance measures
   – Are there strategic deliverables which do not have a clear owner?
   – Where there is shared ownership for a strategic deliverable, how will the structure maximise coordination?
3. **Structures should be as flat as possible**
   – Structures are designed to a minimum number of organisation levels, e.g. how can the number of layers be reduced and what would be the impact?
   – Spans of control guidelines
4. **Avoid unnecessary duplication**
   – Do other parts of the company perform this service? Could it be combined?
   – Activities are located together to create economies of scale and centres of expertise
   – Expertise and resource is located where it has optimal impact
   – How much duplication do customers (external or internal) experience?
   – Are activities that most need to be coordinated located together?

5. **Structures should be flexible and responsive to change**
   – Structures are designed to cope with workload fluctuations and variations in customer demand
   – Consideration of contract staff to cope with peaks
   – In what ways can the structure support predicted future growth and innovation?

6. **Structure demonstrates appropriate governance and risk standards**
   – The organisation complies with the regulatory and financial governance framework within which it operates
   – Are there clearly documented risk and governance accountabilities?
   – How fast can issues be escalated?

7. **Structures will support the development of key capabilities**
   – The business critical career paths are clearly visible within the structure
   – How are the capability gaps created by the new structures to be resolved (build/buy)?

8. **Organisation design process should be consistent between departments**
   – Consider roles not people

Let me know if you are able to change a manager's thinking about structure by having a discussion around these points. Note that they are all explained further in my book. *Organization Design: creating high performing and adaptable enterprises.* You'll also find information about the differences between the various types of organization structures.